

CONTRACTING



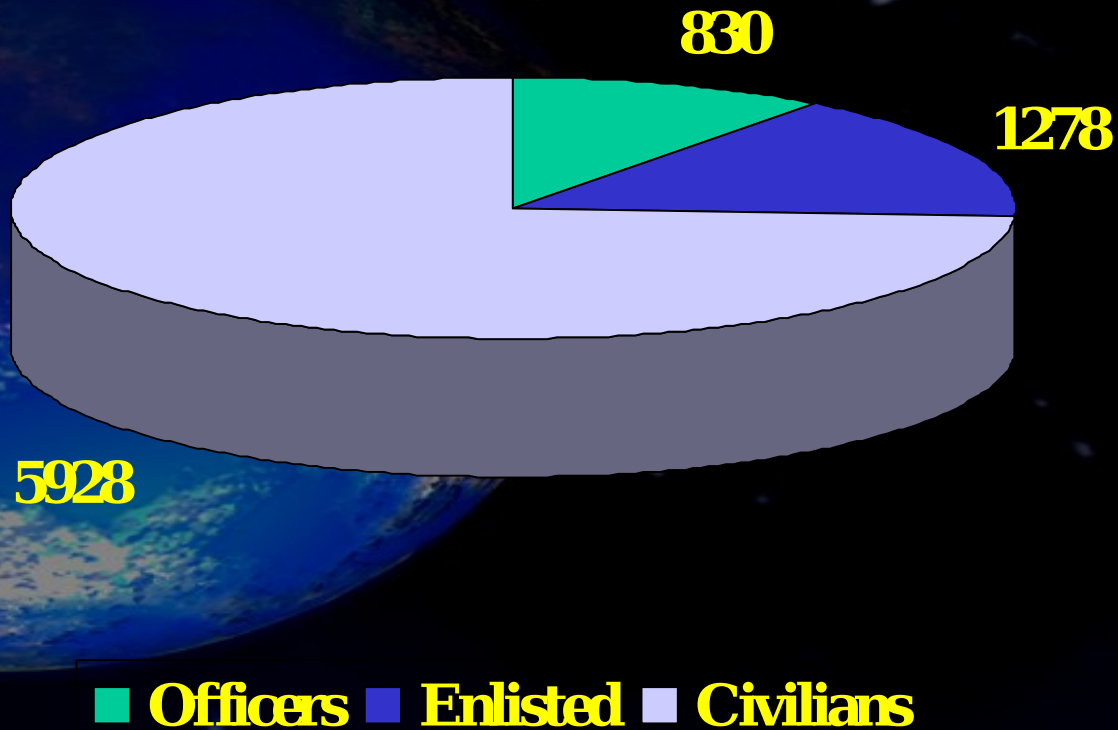


The Contracting Portion of the Acquisition Community

- The people and their bias
- The contracting environment and FAR
- Contracting Officers
- Solicitation Methods
- Types of contracts



Air Force Contracting Work Force FY98





WHO/WHAT IS THE ACQUISITION COMMUNITY

PEOPLE

*Regulation
s*

**Little Old Lady in Tennis Shoes to
Jim Fain**



WHO IS THE INSTRUCTOR

- **TOM BAHAN**
 - **8 YEARS R&D CONTRACTING OFFICER**
 - **7 YEARS (69-76) F-15 CONTRACTING AND DPML**
 - **2 YEARS KC-10 BUSINESS MANAGER DEPUTY PROGRAM DIRECTOR**
 - **2 YEARS TR-1 PROGRAM DIRECTOR**
 - **2 YEARS DIRECTOR AFLC COMPUTER MODERNIZATION**
 - **10 YEARS PRESIDENT SMALL BUSINESS**



NOT SYSTEM ORIENTED

- **R&D CONTRACTING**
 - THEIR OWN LITTLE CORNER OF THE WORLD
- **F-15**
 - BLUE LINE AUTHORITY
- **KC-10**
 - AFALC
 - NEW ORG. NO REGULATIONS
- **TR-1**
 - STILL AFALC
- **AFLC HQ.**
 - NOT A GOOD FIT



ACQUISITION ORGANIZATIONS

- **SPO - SYSTEM PROGRAM OFFICE**
– *20 TO 500 PEOPLE*
- **IPT - INTEGRATED PRODUCT TEAMS**
– *6 TO 20 PEOPLE*



CONTRACTING ENVIRONMENT

- **FEDERAL CONSTITUTION**
- **STATUTES, ACTS OF CONGRESS,
PUBLIC LAWS**
- **EXECUTIVE ORDERS**
- **DECISIONS**
 - *COURTS*
 - *ADMINISTRATIVE AGENCIES*
- **REGULATIONS**



BACKGROUND

HOW THE GOVERNMENT DOES BUSINESS

- **THE AMERICAN WAY: BASEBALL, HOT DOGS, APPLE PIE AND COMPETITION**
- **COMPETITION FOR SYSTEMS/SUBSYSTEMS IS CONDUCTED BY SOURCE SELECTION**
- **SOURCE SELECTION COMPETITION COMES IN THREE FLAVORS**
 - TECHNICAL
 - MANAGEMENT
 - PRICE
- **HOW DOES THIS RELATE TO TINA? IF THERE IS REAL PRICE COMPETITION TINA DOES NOT APPLY (SOMETIMES)**



BACKGROUND:

PESYSTEMS, INC.

HOW THE GOVERNMENT DOES BUSINESS

OTHER CHARACTERISTICS OF GOVERNMENT CONTRACTS

- **CONTRACT FINANCING**

- CPFF, CPIF CURRENT REIMBURSEMENT
- FPI, FFP PROGRESS PAYMENTS

- **GOVERNMENT PROPERTY**

- GFE
- GFM

- **SPECIFIC COMPLIANCE IS REQUIRED**

- LEVEL PLAYING FIELD

- **THE "PROCESS" IS AS IMPORTANT AS THE**



FEDERAL ACQUISITION REGULATION (FAR)

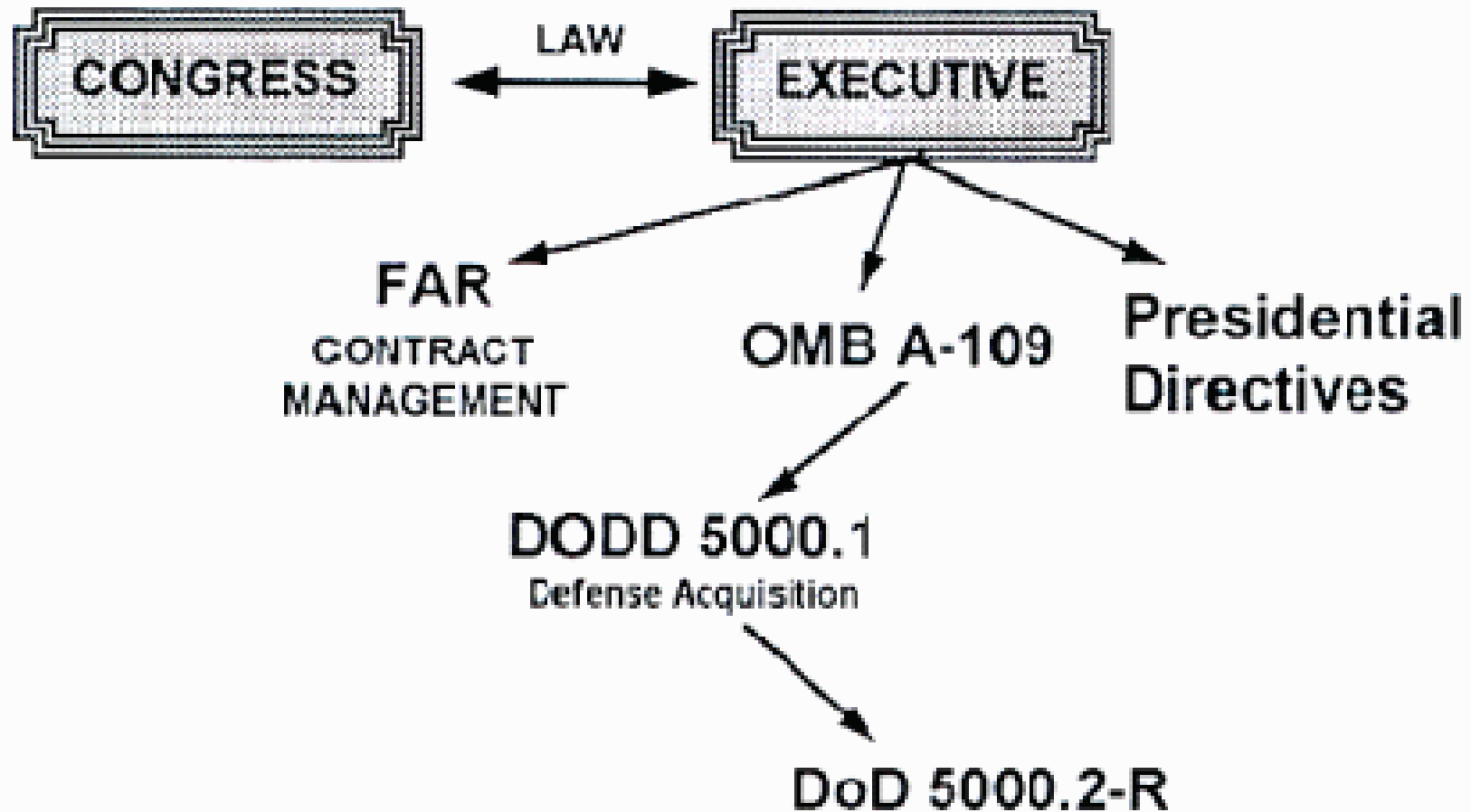
- **GOVERNMENT WIDE
PROCUREMENT REGULATION**
- **FAR CODIFIED CHAPT 1, TITLE 48
CFR**
- **SUPPLEMENTED BY AGENCIES**



FEDERAL ACQUISITION REGULATION (FAR)

- Primary directive for contracting and procurement
- Applies to acquisition of all systems, goods and services
- Impacts on Program Manager
 - Acquisition planning
 - Competition

REGULATIONS FLOW



DODD 8000.1 has some applicability

(Mandatory Procedures for Major Defense Acquisition Programs (NDAPs) and Major Automated Information System (MAIS) Acquisition Programs)



DoD ACQUISITION DESKBOOK

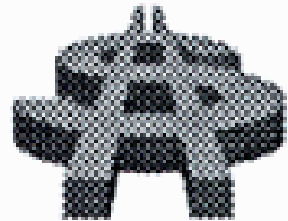
(Reference Set - CD ROM)

- Reference library
- Mandatory direction/documents
- Discretionary direction/documents
- Information structure
 - Acquisition processes and topics
 - Advice/lessons learned
- Refresher course

<http://deskbook.afmc.af.mil/deskbook>
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SPENDING TERMS

Budget Authority - Permission by Congress to legally incur debt

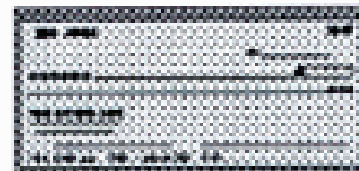


Commitment - an administrative reservation of funds

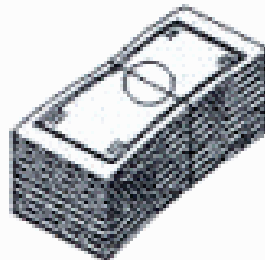


Obligation - a legal reservation of funds

Expenditure - when government check is issued



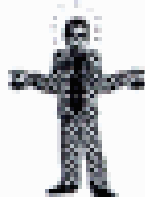
Outlay - when cash leaves the US Treasury



“EVERY DAY” EXAMPLE

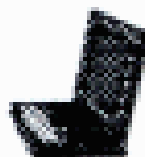
BUDGET AUTHORITY

CREDIT CARD
APPROVAL



COMMITMENT

SELECT ITEM
TO PURCHASE



OBLIGATION

PURCHASE ITEM
W/CREDIT CARD



EXPENDITURE

WRITE CHECK
FOR CREDIT
CARD BILL



OUTLAY

YOUR CHECK
CLEARS





FAR PART 1 - CONTRACTING **AUTHORITY AND** **RESPONSIBILITIES**

*** CONSTITUTION - ARTICLE 1, SECTION 9**

*"No Money Shall Be Drawn From the
Treasury, but in Consequence of Appropriations Made by Law..."*

**CONSTITUTION PROVIDES AUTHORITY
OF GOVERNMENT AS SOVEREIGN TO
ENTER INTO CONTRACTS**

STATUTES PROVIDE SPECIFIC:

+ DIRECTIVES

+ PROCEDURES

+ FUNDS



FAR PART 1 - CONTRACTING AUTHORITY

- **AUTHORITY** - Heads of Each Executive Department (Implied)
- **DELEGATIONS** -
10 U.S.C. 2311 - "The head of an agency may delegate, subject to his direction, to any other officer or official at that agency any power under this Chapter..."

**CONTRACTING OFFICERS -
WARRANTED AGENTS
of
UNITED STATES OF AMERICA**



CONTRACTING OFFICERS

- **PCO - PROCURING CONTRACTING OFFICER**
- **BUYERS**
- **ACO - ADMINISTRATIVE CONTRACTING OFFICER**
- **TCO - TERMINATING CONTRACTING**
- **COR - CONTRACTING OFFICERS REPRESENTATIVE**



CONTRACTING OFFICERS

- **Procuring Contracting Officer (PCO)**
 - Enters into contracts
- **Administrative Contracting Officer (ACO)**
 - Administers contracts
- **Termination Contracting Officer (TCO)**
 - Settles terminated contracts

ALL HAVE WARRANTS



CONTRACTING METHODS*

SEALED BID

- Service/Product requirement is well defined
- Adequate competition and time
- Contract award based solely on price and price related issues
- No discussions
- IFB required

PROPOSAL

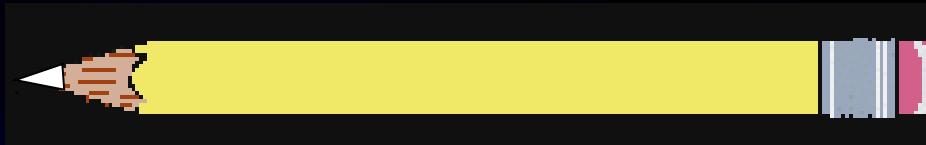
- Service/Product requirement is not well defined
- Competition or Sole Source
- Contract award based on evaluation criteria
 - Discussions/negotiation u required
 - RFP required

* Acquisition reform may sponsor new/hybrid solicitation



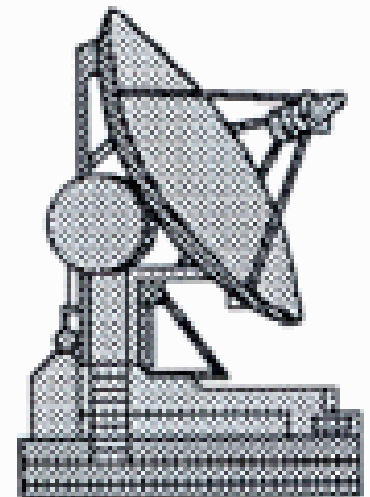
FIXED PRICE CONTRACT

- **Firm requirement**
- **Well defined scope**
- **Guaranteed delivery**
- **Paid on delivery**
 - **Interim Progress Payments Possible**
- **Profit based on performance or cost control**
- **Can be an IFB or RFP**

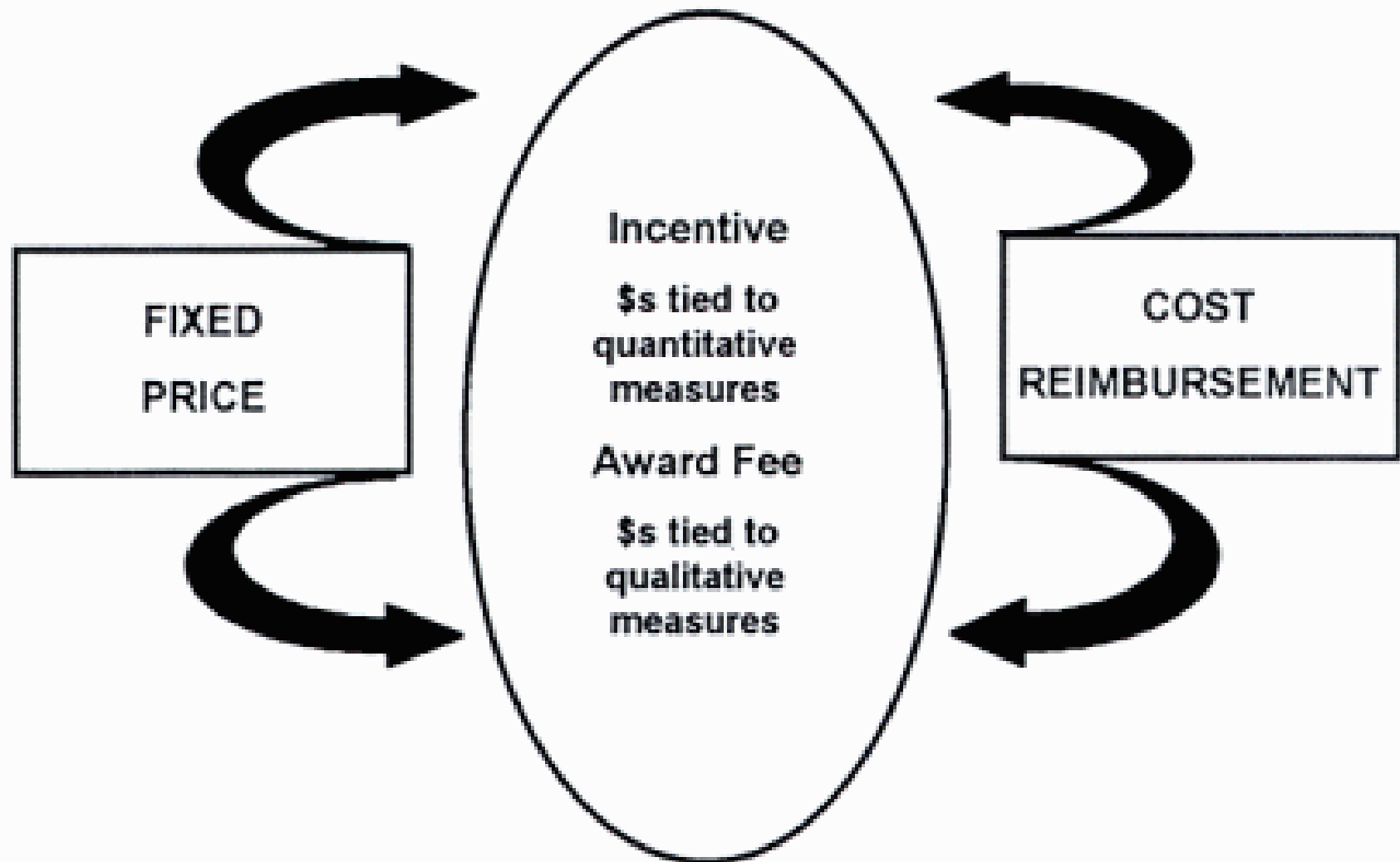


COST REIMBURSEMENT CONTRACT

- High risk (government)
- Performance requirements vs. existing product
- Best effort
- Paid as cost incurred
- Fee or fee formula agreed in advance
- RFP only, cannot be an IFB



Many Other Types of Contracts






FIXED PRICE CONTRACT

END



Next...

- **Acquisition Environment and Process Overview**
- **Marketers, Business Development, and the Action Officer**
- **Requirements Generation Process**
- **Contracting**
- **Financial Management:** 
 - Cost Estimation
 - PPBS/Resource allocation
 - Program/Budget Execution
- **Program Execution**
- **Production & Deployment**
- **System Upgrades/ Modifications**